



# Newsline

since 2006



اعتماد Aitemaad

National Bank of Pakistan

ISLAMIC BANKING

**With the growing popularity of Islamic Banking, NBP has successfully launched its brand 'Aitemaad' to offer the best products and services in the true spirit of Islamic finance**



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ISLAMIC BANKING

## Taking NBP Islamic Banking to a higher level

**Zubair Haider Shaikh, Group Chief/SEVP, enlightens us about the latest developments and future plans of Islamic Banking Group.**

National Bank of Pakistan started its Islamic Banking operations in 2006, with the opening of its first Islamic Banking Branch in Karachi. Over the years, NBP Islamic Banking Branch network expanded to a total of 8 branches viz. Karachi, Hyderabad, Lahore, Rawalpindi, Faisalabad, Peshawar, Muzaffarabad and Mirpur AJK. Presently, NBP-Islamic Banking represent only 0.4% market share of total Islamic Banking industry with deposits at Rs 2.9 Billion as of Dec 2012. To increase NBP Islamic's overall market share of deposits over the coming years, we need to capitalize on huge deposit potential forecasted for Islamic Banking segment over the next 3 to 5 years. This will only be possible if we have a strong and robust Islamic Banking deposit generation network, which will enable us to increase our market share in Islamic Banking deposits in the next five years. The strategy will be to proactively tap the potential business in Islamic Banking segment and focus on adding new clients, and also to prevent the shift of business to competition. The idea is also to provide a platform to our existing client base that requires Shariah-compliant products and services, to ensure their retention within the bank.

Presently, NBP-Islamic Banking offers Shariah Compliant general banking operations. On the liability (deposits) side, IBG offers remunerative and non-remunerative deposit products. While on the assets (financing) side, only Murabaha and Ijarah products are presently offered. Even though NBP Islamic banking unit was set up at a very pertinent time in mid 2000s, but it lagged behind mainly due to lack of ownership and focus on this segment. Other weak areas were: absence of Online connectivity, understaffing, lack of internal and external awareness, etc.

The Group Chief informed that post his induction in NBP Islamic, a detailed Business Plan has been prepared which has also been approved by the Board. The main objective of this business plan will be to grow IBG's Deposits and branches through high quality customer service and value added products/services with a high priority to Online connectivity and availability of ATM machines. The key focus areas under this Plan are:

### ● Online Access and ATM Services

The lack/non-availability of Online connectivity between Islamic branches and NBP regular branches has so far been a major hindrance towards growth in Islamic Banking segment of the bank. It is well known that one of the key strengths of NBP is its large branch network and our focus will be to get maximum mileage from this through connectivity between IBBs and NBP's regular branch network. This will not only deepen client relationships but also enable us to offer Cash Management, Collection Accounts, Payroll Accounts/ Cards and other allied fee-based services. The

implementation of dedicated core banking software Profile Direct (PD) within the next few months should enable us to cope with modern banking requirements to attain competitive edge. In future, we also plan to provide Internet, SMS, ATM Debit cards (jointly with Visa, Master Card), and Mobile Banking facilities to our customers. We will continue to explore different options via Alternate Delivery Channels (ADC) for introduction of new services to our clients. Each new branch will have an ATM at the time of setting it up. ATM machines will also be installed at our existing branches. All these initiatives will be offered in coordination with our IT Division.

### ● Branch Network

In line with our Plan, we are in the process of opening 17 new dedicated Islamic branches in 2013. With the existing 8 Islamic banking branches and addition of 17 new IBBs, our network will expand to 25 branches by the end of 2013. Going forward, we plan to add 25 branches each between 2014 and 2016 and 20 branches in 2017 taking our network to 120 branches by the end of 2017. This growth has been planned to make NBP Islamic a meaningful player amongst the competition, and in line with its robust profile. We will also provide counters for FBR/ Tax Collections, foreign remittance through Western Union & Express Money, etc. The clients will also be provided with Lockers facility at selected branches.

### ● Customer Service

The key differentiating attribute at Islamic branches will also be to provide high quality service to its customers. Maximum and personalised attention will be given at our counters to resolve customer requests and

queries, with lowest possible turnaround time. Call Centre will also be activated for this purpose. Close interaction will be maintained with the customers to provide Shariah Compliant services either through our branches or other delivery channels.

### ● Prominent branding for NBP Islamic

*Alhamdulillah*, we have re-launched NBP Islamic with a new brand, that is "Aitemaad", which is synonymous with the trust of people on NBP. To market Islamic products and services, IBG plans to capitalize on NBP's strong brand recognition. To create awareness about NBP Islamic Banking through a strong brand image, our marketing activities will be done in direct coordination with Corporate Communication Division of the bank.

### ● Product Development

New Shariah Compliant products and services will be added keeping in view client requirements and market developments. A comprehensive range of Islamic Banking products and services is being offered by competitors in the Islamic Banking industry, and we need to catch up very fast. As per Shariah requirements, funds and products are managed separately from the conventional banking side. All funds obtained, invested and shared in Halal modes and investments under the supervision of the Shariah Advisor.

### ● Deposit mobilization targeting Retail Customers and CASA

In order to achieve growth as part of the Business Plan, our key aim will be to strongly focus on growth in our deposits. We will aim to achieve a higher CASA (Current Account & Saving Account) ratio, with a minimum of



**I take the opportunity to extend my sincere thanks to the Board of Directors, President, Group Heads and the senior colleagues, for providing their guidance and support to IBG. I would also like to acknowledge the whole-hearted support that we have received specifically from Operations Group, Training & Development Group, HR Group, Treasury Group, IT Division, Logistics Support & Engineering Division, Corporate Communication Division, Regional Managers and teams towards revival and re-launch of Islamic Banking business. We greatly value and appreciate this level of support from all the stakeholders.**

60%. This should also help us achieve a faster break-even under the new branches.

#### ● Financing

IBG would initially focus on secured financing areas such as investment in SLR eligible GOP guaranteed Sukuks and the top notch clientele lying in investment grade. However, in order to improve our portfolio yields and profitability, we will also extend financing to Corporate, and Commercial segments. With the induction of product development teams, we will also introduce Consumer financing products. Our strategy will be to bring new business to the bank and to compliment other business segments, and not to create internal competition to capture the same business. Apart from bringing new clients, we need to be proactive with our Shariah minded clientele to serve their requirements so that they do not shift business to competition banks.

#### ● Reorganization, H. R. requirements, and Training

In order to cater to overall aggressive strategy of IBG towards branch expansion, deposit mobilization, and other areas, our Org Chart has been revised and fresh resources will be inducted. We would naturally anticipate increasing trend in HR requirements for IBG keeping in view our expansion plans. To fill HR gap at Head office level in areas such as Shariah Compliance, Product development, etc. we have placed advertisement that will

meet IBG's initial HR needs at Head Office level. However, due to the recent ban on hiring, we are struggling in this area and getting relevant resources has been a major challenge so far, and we have not been able to hire any new external resource post revamping of IBG. We hope that this issue is resolved as soon as the ban is withdrawn by the government. Addition of new team members, will lead to increased training & development in order to equip our human resources with in-depth knowledge of Islamic banking. We are planning

to conduct comprehensive in-house training programs in the near future with the induction of experienced team. At the same time, full priority will be given to induct maximum resources from within the bank through internal transfers and postings, specially on the Branch Management side, for which we would require support from the Regional and HO teams for release of some of their staff.

#### ● Group's profitability

Our key focus will be to improve the profitability in the next 5 years, and we would like to make IBG a meaningful contributor to the bank's overall profitability of the bank. Besides our core activities i.e. 'mobilization of deposits' and 'financing & investments,' we plan to take various initiatives each year. We plan to strengthen our Islamic Banking team in arranging and leading syndications for various Private and Public sector organisations. We also plan to utilise our foreign branch network to market our Shariah Compliant products. Once we have the full-fledged Shariah Committee and Product Development team, we plan to provide Shariah-based advisory services to local as well as international clients/institutions. By joining hands with local Takaful operators, we also plan to facilitate our customers in availing Takaful coverage. We may also consider launching Shariah-compliant mutual funds in the local market. Our key aim will be to remain aware of market dynamics and avail opportunities that come up from time to time, with a view to create depth and critical mass in our business segment so that it could sustain itself in the long run. In the long term, and if the market dynamics allow, we may also consider the possibility of expanding Islamic banking business by merging /acquiring existing Islamic financial institutions, with the eventual objective of operating as a full-fledged independent subsidiary of NBP. May Allah SWT guide us in our future endeavors.

I take the opportunity to extend my sincere thanks to the Board of Directors, President, Group Heads and the senior colleagues, for providing their guidance and support to IBG. I would also like to acknowledge the whole-hearted support that we have received specifically from Operations Group, Training & Development Group, H.R. Group, Treasury Group, I. T. Division, Logistics Support & Engineering Division, Corporate Communication Division, Regional Managers and Regional Management teams, towards revival and re-launch of Islamic Banking business. We greatly value and appreciate this level of support from all the stakeholders. ♦

(The colleagues and readers are most welcome to convey any feedback/ suggestions on Islamic Banking business via email directly to ).

**Zubair.haider@nbp.com.pk.**



## Pakistan turns 66

**The 66th Independence Day of Pakistan was celebrated at the NBP Head office in a simple and dignified manner. A number of senior employees attended the ceremony with great enthusiasm and zeal.**

The ceremony started with recitation from the Holy Quran. Nausherwan Adil, SEVP/Group Chief, Training & Organisation Development, performed the flag hoisting ceremony. He congratulated the Pakistanis on the Independence Day and said that Independence Day celebrations this year have a very special significance as the nation is also celebrating a peaceful transition from one democratically elected Government to another. He urged Pakistanis to forge unity and devote all their energies towards dignity, honour, progress and development of Pakistan. He said that the vision and dreams of our forefathers should guide us on the path to make Pakistan a strong and prosperous country.

## NBP Announces Six Month Accounts Ended June 30, 2013

The Board of Directors of National Bank of Pakistan in their meeting held on August 22, 2013 at the Head Office, Karachi approved the Financial Statements of the Bank for six months period ended June 30, 2013.

Total operating revenues increased by Rs. 1,443 million or 4.6% from corresponding period last year. Non-interest income increased by an impressive 24%. Pre provision profit of the Bank stood at Rs.15, 844 million which is higher by 5.5% from last year reported number. This was achieved despite 3.0% reduction in SBP discount rate since June 2012. The impact was offset through increase in volume as well as improved mark-up recovery. Administrative expenses were kept under control which increased by only 4%. Provision charge against advances increased by Rs. 4.0 billion mainly due to creation of general provision of Rs. 3.0 billion against the portfolio. Provision coverage is now 85% which improved from 74% as of June 30, 2012.

On balance sheet side deposits compared to June 2012, increased by Rs. 200 billion or 21%, while compared to year end December 2012 deposits are higher by Rs. 108 billion. Advances compared to June 2012 increased by Rs. 67 billion, however from December 2012 advances are lower by Rs. 12.5 billion due to settlement of certain energy

related loans.

The Bank recorded after tax profit of Rs. 6.0 billion with Earnings per share of Rs. 2.83. Pre-tax return on equity stands at 15.1% with pre-tax return on assets being 1.2%.

JCR VIS credit rating agency maintained banks AAA/A1+ standalone rating in June 2013. This rating draws strength from the standalone financial profile of the bank, leading market share in deposits, adequate liquidity and capitalization levels. During the year the bank received accolades from 'The Banker' magazine terming NBP as the top bank of Pakistan in its 'Top 1000 World Banks' ranking for 2013. The bank also received 'Retail Banking Awards 2013' and 'Domestic Retail Bank of the Year - Pakistan' from 'Asia Banking & Finance' magazine during the year.

With the adoption of new technology and best practices the Bank shall improve its revenues through new streams and further control on costs. In a challenging and competitive environment we are confident that our employees through their commitment and hard work will maintain bank's leadership position. We would like to express our appreciation to our stakeholders, regulators and our valued customers for their support and sustained level of trust in NBP. ♦



## Customers to enjoy Branchless Banking services through UBank

**The strategic alliance between UBank and National Bank of Pakistan will offer tremendous benefits to the clients. The agreement signed between the two giants is aimed at offering 'branchless banking', being part of financial inclusion program and it will also change the way people will perform banking transaction.**

This was stated by Khalid Mahmood, Group Chief, Operations, after the signing ceremony of a Memorandum of Understanding (MoU) between UBank and National Bank of Pakistan. According to the MoU NBP will provide personal and corporate solutions through branchless banking services to its customers across the country.

According to MoU, NBP customers will be able to avail services which will not be limited to receipts of pensions, salaries and remittances. Infact, they would also be able to pay loans through branchless banking network.

Under this arrangement, NBP will introduce different products and services to further facilitate the customers. Though, there are more than 1300 branches of NBP located throughout the country and are providing services to the customers located even in the remotest places. Addition of 10,000 Ufone outlets into its network will change the way people bank and through this partnership NBP will be able to freely utilize this new innovation in the banking sector.

Arif Sirhindi, President/CEO of UBank said, 'It is an honor for us to collaborate with National Bank of Pakistan for providing branchless banking services to its customers which is mainly done to make transmission of money effortless and rapid. UBank is trying to change the financial landscape of the country by ensuring and accelerating financial inclusion of the poor and this is another step in the same direction.' This MoU will lead to convergence of computer and communication technologies with banking applications. Pensioners and those paying utility bills need not go to branch but conclude their transaction while sitting at home with their mobile phones.

This arrangement will also enable ordinary citizens to even pay their income tax while using their mobile phones.

Yet another initiative is addition of 1000 ATMs and getting these linked with the existing network. Till recently the perception was that only rich people used ATMs but with the passage of time it is proved that ordinary people are using ATMs more, maybe because of security reasons but more importantly that they don't wish to withdraw large sums.

Abdul Aziz, President/CEO of Ufone, Hamid Farooq, Chairman of UBank and Salman Wassay, Chief Commercial Officer of Ufone, NBP, Khalid Mahmood, Group Chief, Operations and Mahmood Siddiqui, Divisional Head, I.T Division were also present at the ceremony.

U Microfinance Bank Limited (UBank) is fully owned subsidiary of Pakistan Telecommunication Company Limited (PTCL), the largest telecommunication company in Pakistan. The Bank has a branchless network of over 9,000 retail agents across Pakistan which is expected to increase in coming days.



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National Bank of Pakistan is the largest commercial bank operating in Pakistan. It has redefined its role and has graduated from a public sector organization into a modern commercial bank. National Bank of Pakistan has built an extensive branch network of 1310+ branches in Pakistan and operates branches around the world.

The domestic branch network has been automated and is online. The Bank has four representative offices and 23 branches abroad across the globe, it has agency arrangements with more than 3000 correspondent banks worldwide. Its subsidiaries are Taurus Securities Ltd, NBP Exchange Company Ltd, NBP Capital Ltd, NBP Modaraba Management Company Ltd, and CJSB Bank, Almaty, Kazakhstan. It has recently opened a subsidiary in Dushanbe, Tajikistan. ♦



## Protocol & Cafeteria

In today's fiercely competitive arena, proper protocol is simply a set of tools for effective and successful communication. The rules of international protocol are intended to maintain courtesy and politeness in affairs; between governments, organizations and officials. Although there is increasingly more informality in recent diplomatic practice, the rules of protocol remain the same. For this reason, the National Bank of Pakistan has its own protocol office and a huge cafeteria for excellent hospitality and decorum. The service and professionalism of Protocol Department and cafeteria speak volumes of how NBP pays importance to hospitality and code of conduct.



Protocol has always been one of the most important departments of any organization and especially for NBP it can function as backbone for Co-ordination and PR related activities. A protocol department someone who is responsible of facilitates meetings, ensure proper etiquette for official engagements, and streamline interactions with dignitaries and other important people. The job typically involves some

elements of event planning, but they elected officials or corporate executives, away from etiquette or cultural mistakes. This typically requires a lot of research and a great deal of tact, any time high ranking Government Officials meet, a protocol officer is involved. This is true both domestically and internationally, and it is especially important in diplomatic negotiations, when a minor breach of protocol may be viewed as a reason to break off



negotiations. Being the only Government Bank protocol shall strive to have the close Co-ordination with Ministry of Finance, Senior Official, Chamber of Commerce & other government agencies and business community as well.

Shahab Kazi, Vice President, Head of Protocol, Logistics Support & Engineering Division, co-ordinates official ceremonies and events, as well as official visits. The Office manages and administers the official movement of the President and at the same time, the Protocol Office provides consulting services and arrangement to other departments, Group Chiefs and other executives. They facilitate meetings, ensure proper etiquette for official engagements, and streamline interactions with dignitaries and other important people. The job typically involves some elements of event planning, but focuses more on personnel issues

Protocol officers are almost always involved any time at high ranking meet. When they are doing their job well, their presence is all but noticeable - they will iron out the details of a meeting and coordinate with local hosts, but almost all of this is well outside of the spotlight. This sort of behind-the-scenes planning is especially important in diplomatic meetings by working beforehand to make sure that everything goes as it should,

the Finance Minister and Secretary Finance. Reservation of Hotel accommodations for Bank's outstation Directors, Executives and official guests and arrangement for payment of their hotel bills. Maintenance and up keeping of Board Room and Committee Room I & II for various meetings and keeping its schedule record. Arrangement of vehicles with coordination of Transport Department for outstation Directors, Executives visiting to Karachi. Reservation of air tickets of Bank's Executives/Officials and arrangement for payment thereof according to the procedure. Arrange official Seminars/dinners at hotels/Head office.

Deciding what to eat for lunch and how to spend your lunch break everyday could be a hassle, especially when you don't have time to plan in advance. Workplace cafeterias provide a convenient way for employees to get the meals they want while remaining in the office. Employee satisfaction with the food and cafeteria environment, however, plays an important role in whether they use the service. Keeping this need in mind NBP since its inception has set up a cafeteria to fulfill the needs of the employees and the guest from outside.

Rais Ahmad, Assistant Vice President, Head Cafeteria/Kitchen, Logistics Support & Engineering Division, increases employee



blunders can be avoided or at least minimized.

Protocol office is demanding and more than anything else, candidates for the job are flexible and tireless, willing to work long hours at often odd or inconvenient times.

Protocol Department's duty is at the Airport to receive and see-off Bank's Directors, Executives and guests. Responsible of President's outdoor dinners. The department actively looks after

job satisfaction and productivity. The cafeteria, outfitted with comfortable chairs and a wide selection of food items and wireless. The two cafeterias' on the second floor are relaxing places that encourage social interaction.

Employees want low or reasonable prices and don't want to overpay for the convenience of buying food from workplace kitchen. ♦

# A Great Start!

## Summer Internship Program 2013

If you're ready to learn about the financial services industry from the perspective of one of the world's leading financial institutions, this is a great way to start. As an intern here, you'll find yourself tackling real business challenges that make a real impact on our Bank. You will be provided with ample opportunities to polish your skills and build network in a dynamic environment designed to support your long-term career objectives.



**Coordinator**  
**Rohma Khan, OG-II/MTO, PAW**

**NBP** is always looking for interns from a wide range of disciplines who are passionate about developing their skills, taking hold of opportunities and meeting the needs of the Bank.

The interns are given real work that impacts NBP business and customers. They will receive group-wide and business area-specific training, plus receive technical and soft-skill development. A cooperative management is involved throughout the program and they can have unique access to senior management. While working at Pakistan's largest Bank you will enjoy the professional ambience with the latest technical innovations, and much more. You'll have the chance to contribute to the Bank by participating in various initiatives. Our 6-week program gives you a taste of what it's like to work with Pakistan's best bank.



# Up close and personal

Interns share their exciting experiences during their six week training at different departments.



**Javeria Sarfaraz, Compliance Department**

It was an immensely satisfying experience while working at NBP. I am really inspired the way they are managing such huge workforce effectively. I found the environment professional and enriching.



**Muhammad Talha, Assets Recovery Group**

Earlier my perception about NBP was quite different. But after my 6-week internship it has changed totally. NBP has highly educated and competent employees. Another good thing is that NBP promotes performance based culture even though there were difficulties in implementing this system.



**Iman Sabir, PAW, HR, IBT**

During the internship I have learned how to communicate, handle and manage a workforce of more than 16000 employees and this only became possible due to open and friendly culture of NBP. NBP is an organization of prestige and I was lucky to get an opportunity to perform and learn at the same time.

**Muhammad Usman Pirani, Risk Management Group**

The Internship program helped me gain first hand practical knowledge of banking industry. It helped me to bridge the gap between my theoretical knowledge and corporate understanding. I have gained valuable experience that fully bolstering my career objective.



**Tooba Khan, Corporate Communication Division, Marketing**

I wanted to experience two things here. Firstly, I wanted to learn from their marketing and branding styles. Secondly, I wanted to explore the traditional 'NBP Style' concept of advertising. I was lucky to be placed at the Islamic Banking Group where I learned how they developed completely new branding, advertising and product development strategies.



**Urooj Qureshi, HR Department**

NBP has proven itself in hard to survive circumstances. Even with limited resources NBP is performing something extra, more than its capacity.

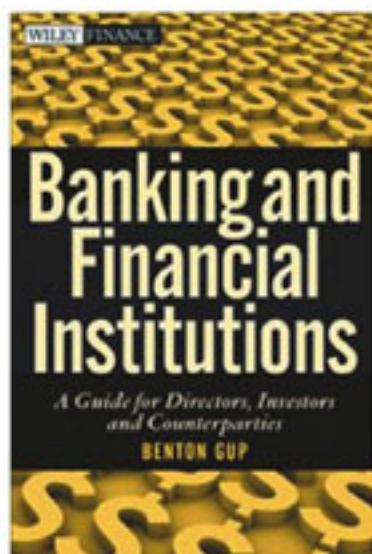
**Malik M Rehan Alvi, Audit & Inspection**

There is professionalism, integrity and a sense of strict control in the department. My internship course was predefined with the maintenance of daily learning logs and proper exposure of each wing in the department. This internship was really a fruitful learning experience for me; it was like an extensive learning program.



# What to Read?

Bankers of today constantly need to refresh their knowledge of banking and about the changes taking place around the world. Here is a fresh list of newly arrived books at the Head Office Library.



## Banking and Financial Institutions

- by Benton E. Gup

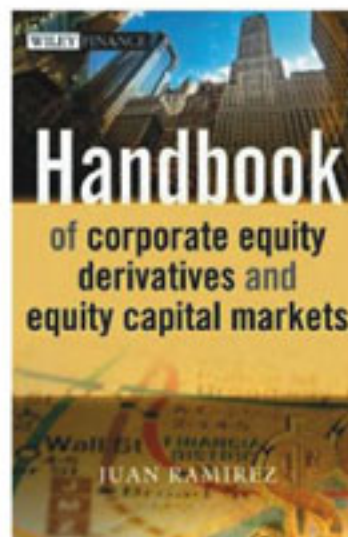
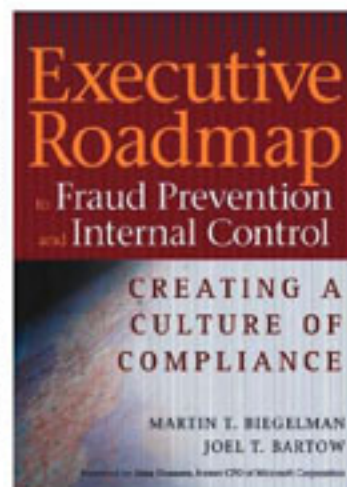
A practical guide to the evolving world of banking and financial institutions. Due to various factors, ranging from the global financial crisis that began in 2007 to new laws such as the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, banks and financial institutions have had to alter the way they operate. Understanding how these institutions function in the face of recent challenges is essential for anyone associated with them. That's why Professor Benton Gup has created Banking and Financial Institutions.

Opening with a detailed discussion of the causes of the recent financial crisis, as well as a look at some lessons we can learn from it and other crises, this reliable resource quickly moves on to put modern banking in perspective. Filled with in-depth insights and expert advice, Banking and Financial Institutions examines the essential aspects of this discipline and shows you what it takes to make the most informed decisions possible, whether you're a bank director, investor, or borrower. Explains the economic role of financial intermediaries, including the financial institutions that bring borrowers and savers together. Addresses how banks can hedge some of their interest rate and credit risks by using various types of derivatives contracts, options, and futures. Analyzes the process of commercial and industrial (C&I) lending, from how banks make loans and the types of C&I loans to the role of collateral. Allows you to evaluate a bank's financial statements and performance. Explores payments systems, including cash, checks, credit cards, wire transfers, and other means of payment. Rounding out this detailed banking guide is an informative chapter on Islamic banking written by Professor Mohamed Ariff of Bond University, as well as a chapter filled with tips for bank directors, borrowers, and investors contributed by John Hamison, the Superintendent of Banks, Alabama State Banking Department.

## Executive Road Map Fraud Prevention and Internal Control

- by Biegelman, Martin T

This book is a must-read for anyone eager to understand--and prevent--the toxic mix of temptations that can destroy a company's reputation overnight. The authors, both seasoned former fraud investigators, bring a unique, clear-eyed perspective to the topic of corporate fraud. They have seen it all, and their book is an invaluable reference for senior management, compliance executives, in-house lawyers, and anyone else who cares about corporate integrity."



## HB of Corporate Equity derivatives & Equity Capital Markets

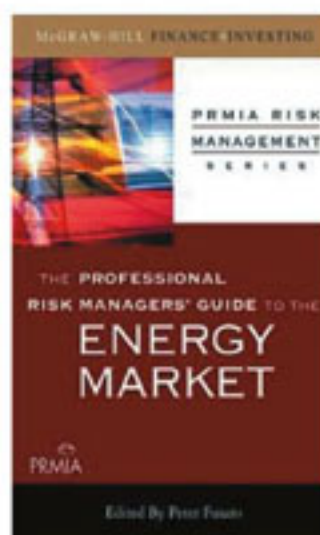
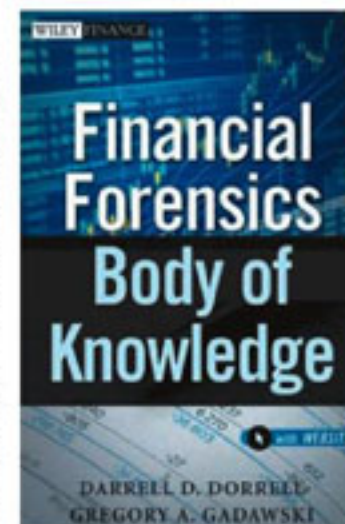
- by Ramirez, Juan

Equity strategies are closely guarded secrets and as such, there is very little written about how investors and corporate can utilise equity vehicles as part of their growth strategies. In this much-needed book, industry expert Juan Ramirez guides readers through the whole range of equity derivative instruments, showing how they can be applied to a range of equity capital market situations, including hedging, yield enhancement and disposal of strategic stakes, mergers and acquisitions, stock options plan hedging, equity financing, share buybacks and other transactions on treasury shares, bank regulatory capital arbitrage and tax driven situations. The book includes case studies to highlight how equity derivative strategies have been used in real-life situations.

## Financial Forensics Body of Knowledge

- by Darrell, D. Dorrell

Financial Forensics Body of Knowledge is a comprehensive and practical overview of civil and criminal forensic accounting methodology. The book defines the profession of forensic accounting provides a common source that captures and codifies methods that define the body of knowledge. It includes practical forensic accounting tips, tools and techniques. Twenty contributors span all aspects of the financial community, including law enforcement, investing, investigative, regulators, from the US and internationally. The book is supplemented by an Internet-based software application with updates reflecting the continually growing body of forensic accounting knowledge.



## Professional Risk Manager's Guide Energy Market

An essential resource for all financial professionals affected by energy prices, The Professional Risk Managers' Guide to the Energy Market presents a complete account of the evolution, tools, scope, and breadth of the energy and environmental financial markets. Sponsored by the PRMIA Institute and edited by renowned analyst Peter Fusaro, the book includes contributions from 20 world experts

# These top ten books

are strongly recommended by the Head Office library for all.

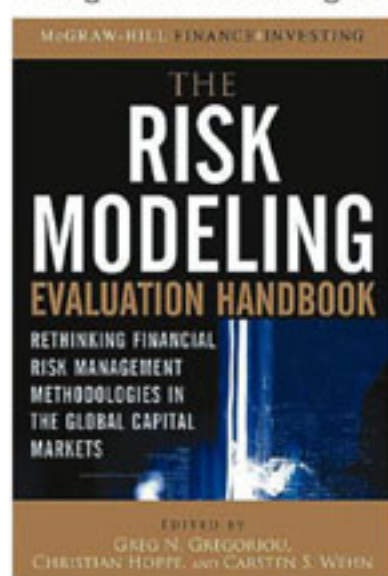
who discuss every aspect of energy trading and the risks associated with specific investment vehicles and energy sectors.

Organized in three parts, *The Professional Risk Managers' Guide to the Energy Market* begins with a comprehensive overview of the energy market, goes on to provide an in-depth review of energy risk management tools, and finally delivers detailed coverage of risk management software, energy hedging in Asian markets, trading electricity options, and weather risk management strategies.

## Risk Modeling Evaluation Handbook

- by Gregoriou, Greg N.

The first in-depth analysis of inherent deficiencies in present practices. A book like this helps reduce the chance of a future breakdown in risk management. According to Professor Campbell R. Harvey, the Fuqua School of Business, Duke University 'it is a very timely and extremely useful guide to the subtle and often difficult issues involved in model risk - a subject which is only now gaining the prominence it should always have had.'



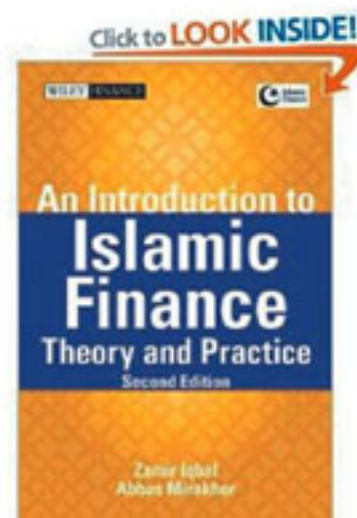
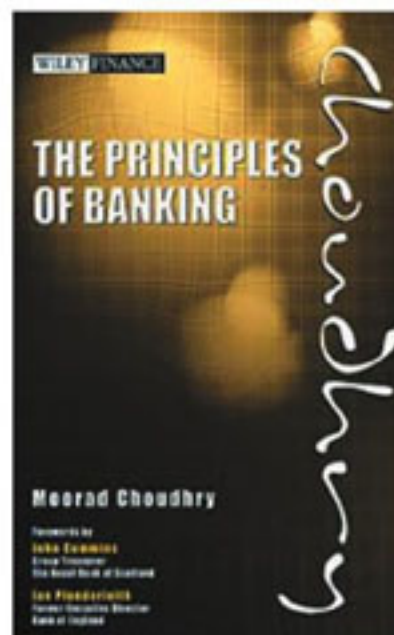
Professor Kevin Dowd, Nottingham University Business School, the University of Nottingham 'This book collects authoritative papers on a timely and important topic . . . and should lead to many new insights.' Professor Philip Hans Franses, Erasmus School of Economics, Erasmus University 'Inadequate valuation and risk management models have played their part intriggerring the recent economic turmoil felt around the world. This timely book, written by experts in the field of

model risk, will surely help risk managers and financial engineers measure and manage risk effectively.'

## The Principles of Banking

- by Moorad Choudhry

The book explores the basic principles of banking. First of all, it addresses the general question of what banks do and sets out the basic aims of such commercial organisations. It then examines the nature of banking risks. Next, the key areas of prudential soundness are discussed - namely, capital adequacy, liquidity, asset quality, risk concentration, management, and systems and controls. The need for an effective infrastructure for the management of these risks, not least in respect of the board of directors and senior management, is noted.



## Introduction to Islamic Finance Theory & Practice

- by Iqbal, Zamir

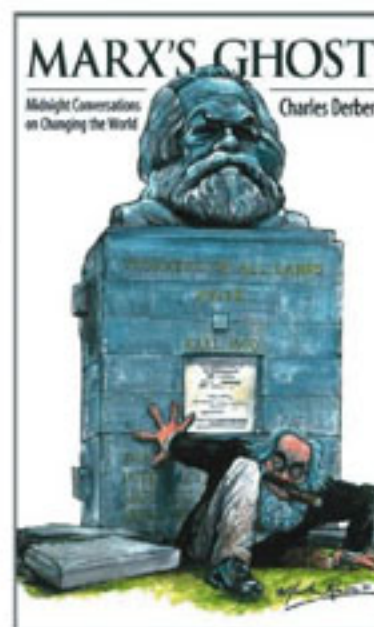
The ongoing international financial crisis has reignited debate over the development of a risk-sharing financial system, such as that required in Shariah Law. *An Introduction to Islamic Finance: Theory and Practice, Second Edition* highlights the core principles of risk sharing in Islam, arguing that a risk-sharing financial system is exactly what we need to promote greater financial stability.

Providing comprehensive coverage of the fundamental theory behind Islamic finance and banking, according to the core concepts of Shariah law, authors Zamir Iqbal and Abbas Mirakhor clearly explain the distinct features of an Islamic financial system and how it compares with traditional financial models. Addressing the myriad important developments that have taken place in recent years, this second edition looks to the future, addressing emerging issues sure to influence future developments in Islamic finance.

## European Banking

- by Olgu, Ozlen

Olgu looks at the impact of this crisis on the process of European financial integration and concludes that it has not been homogenous. She demonstrates that the segments with the highest degree of integration were affected most by the crisis. In many cases, a sharp reversal can be seen in the positive trend over the period 2007-2008. In particular, she looks at the recent wave of M&A's in the banking sector which has changed the number of banks, branches and employees as well as performance scores. Finally, Olgu also highlights that there may be different indicators and causes of financial crises including political and institutional nature as well as bank specific factors that may be relevant for a particular country at a particular moment."



## Marx's Ghost

by Derber, Charles

An American sociologist (Derber) travels to London's Highgate cemetery, where Karl Marx is buried. A surprise encounter with Marx's ghost, which reveals insights into the great revolutionary's personality and biography, leads to a night-long conversation between Derber and the ghost on important issues of the day: the economic crisis, globalization; climate change, war, racism, left- and right-wing politics, the future of capitalism, new economic models emerging in Europe, Latin America, the Middle East, and Asia, and revolutionary activism by citizens in Tunisia, Egypt, Libya even Wisconsin. The

ghost reconsiders his theories as he speaks eloquently about American labor, environmental, peace, social justice, civil rights, immigrant, and gender and anti-racist struggles. Their engrossing, funny, and provocative conversation, interrupted by appearances from ghosts such as John Maynard Keynes, offers a new vision of the stunning relevance and tragic flaws of the historical Marx, who now reveals a surprising Great Transition to a transformed future.◆

# Islamic banking is growing in Pakistan

In recent times a rapid growth in Islamic banking has been witnessed by Pakistan's financial services sector, a fact that has encouraged many institutions to get on Shariah-compliant trend. The question that incurs in everyone potential customer's mind is that what exactly makes the Islamic banking such an instant rage in Muslim societies? And how this trend continues to growing at the same pace.

But according to a study conducted a staggering 67% of Islamic banking customers also use conventional banks, largely due to what they perceive to be a wider range of services offered by conventional banks. Religion is important to the Pakistani banking customer, but they do not seem to be agnostic to service quality either.

This phenomenon appears to have resulted in shift in attitudes about the marketing of Islamic financial services in Pakistan. Ultimately, however, the Islamic banks seem to have caught on that simply having a bearded board of Shariah advisers is not enough. They need to compete on their service breadth and quality.

Nonetheless, an important insight from the academic studies of attitudes towards the sector is that deposits in Islamic banks appear to be growing mostly due to customers switching from conventional to Islamic banks.

*Congratulations to NBP on the launch of new brand 'Aitemaad'*

Editor-in-Chief

**Moizuddin Khan**

EVP/Divisional Head, T&MDD  
Training and Organisation Development Group

Editor

**Asra Adnan**



Concept Layout:  
**NBP Newsline**  
Creative Department

<b>Stop Press!</b>	<h2>Welcome Aboard</h2> <p>The Government of Pakistan has appointed <b>Muneer Kamal</b> as the Chairman NBP Board of Directors, and three new Directors <b>Farrakh Qayyum</b>, <b>Rana Assad Amin</b> and <b>Dr. Shujat Ali</b>.</p>
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reflect the views of the National Bank of Pakistan



### NBP launches Free Home Remittance Services With Lotus Forex (P) LTD, United Kingdom

National Bank of Pakistan is aggressively expanding its outreach to facilitate overseas Pakistanis across the globe. In this regard and to further explore new strategic avenues Khalid Bin Shaheen, SEVP/Group Chief - NBP and Chairman NBP Exchange Company Limited recently launched Home Remittance services through Lotus Forex (P) Ltd. UK. Shaheen inaugurated the service in London along with Subbiah Venkatachalam, Senior Official of Lotus Forex (P) Ltd.

Lotus Forex (P) Ltd - UK is a part of Orient Exchange Co. (UAE) and is recognized as the number one agent of Western Union Money Transfer in the Asia Pacific Region. It has 80 locations in 7 countries and provides Forex & Remittance Services to its clients globally.

NBP already has Home Remittance arrangements with leading exchange companies of UK such as Dollar West & AN Express. The addition of Lotus Forex (P) Ltd - UK will further strengthen presence of National Bank in the UK.



### Pithoro Branch

Pithoro Branch Distt: Umerkot, GM Operation inaugurated the branch (Mashooq Ali Khuwaja), VP/GM Operations along with Ex- Distt. Nazim Mangrio Sahib and Distt. Area Rais Ismail Rind.



### Korean Delegation from Al-Tuwarqi Group of Saudi Arabia and Posco Steel of Korea Visited NBP Head Office

"At one stage the future of TSML was in doldrums but project was completed in time and commenced operation in January this year. This would have not been possible without the active support of National Bank of Pakistan. Now we are in the process of expanding our operations and one such project is use of local iron ore, for which testing has started today", these were the opening remarks of Zaigham Adil Rizvi, Country Head and Director projects Tuwairqi Steel Mills Limited (TSML) on his visit NBP Head Office along with his Korean joint venture partners, POSCO.

Thanking NBP for the most efficient support Nam Sik, Senior Vice President of POSCO said, though, this is my first ever visit to Pakistan I am impressed by the extra care taken by our financial partners. This gives us the support that in all our future ventures NBP will not only extend its fullest support but also go an extra mile. With the success of TSML we wish to go for backward integration, mining of iron ore which will make us competitive in the global markets.

Rizvi said that due to the support extended NBP Al-Tuwarqi Saudi Arabia and POSCO Steel of Korea are encouraged to bring more FDI (Foreign Direct Investment) into Pakistan. Tuwairqi Steel Mills Limited (TSML), which was inaugurated in January 2013 has an installed capacity to produce 1.28 million tons steel annually but has been working above its name plate capacity, or 106% capacity utilization.

Zaigham, realizing the importance of Pakistani market, further added that outside Saudi Arabia, Pakistan is the most important market for Al-Tuwarqi and POSCO and they intend to make fresh investments in Balochistan.

TSML is the largest private sector steel plant established in Pakistan. The Project is a joint venture between AL TUWAIRIQI HOLDING of Saudi Arabia and steel giants POSCO of South Korea and the third largest steel makers in the world. Despite TSML coming on line Pakistan will still remain dependent on imported steel to met its ever growing demand for steel. NBP is a prominent supportive force in this critically important project entire project, which is likely to pave investment in upstream/downstream projects. The project is fully integrated and state of the art facility capable of not only catering to local demand but also the global markets by venturing into value added products.

M. Rafiq Bengali, SEVP/Group Chief, Overseas Banking Group thanked TSML & POSCO for choosing NBP their financial partner. He wished all the stakeholders meaningful relationship. TSML also has operations in with Pakistani besides Saudi Arabia, South Korea, USA and other international markets. Also present on the occasion were Kang Seung Gi, Senior Manager, POSCO, Sharjeel Azhar, CEO, Tuwarqi Steel Mills Ltd and other officials from NBP.

### Branches Quetta

Under Annual Business Expansion plan new branches have been inaugurated by Kaleem Ullah Shaikh, Regional Head, Quetta at Masjid Road Quetta.

Munir Khan, G.M Operations Quetta, Syed Anjum Naseer, I.T Manager Quetta and Majeed Umrani G.M H.R Quetta were also present on the occasion.

Businessmen doing business at Masjid Road Quetta and people of the area praised the efforts of NBP for providing banking services of Nations Bank at their doorstep. People shown their great satisfaction over provision of online IBT services in their area as now NBP is providing online banking services at 1300+ online branches country wide.



### NBP launches Remittance Services Arrangements in collaboration with M/s. Sharaf Exchange (UAE)



(From Left to Right) Khalid Bin Shaheen, (SEVP/Group Chief, Global Home Remittances Management Group & Chairman NBP Exchange Company Limited, Ahmad Ali Buabdulla, (Director- Sharaf Exchange) and Gopal Sharma (CEO- Sharaf Exchange).

Home remittances are playing a pivotal role in strengthening the economy of Pakistan. UAE is the second largest source of Home remittances to Pakistan after Kingdom of Saudi Arabia. National Bank of Pakistan has established a number of Home Remittance arrangements in UAE within short span of three years under the guidance and dynamic leadership of Khalid Bin Shaheen SEVP/Group Chief, NBP and Chairman NBP Exchange Co. NBP has made arrangements with all leading Money Service Businesses in UAE, which include UAE Exchange Center, Al Ansari Exchange, Al Falah Exchange, Al Ghurair Exchange, Orient Exchange, Universal Exchange, Habib Exchange, Al Rostamani Exchange, Xpress Money, Western Union and National Exchange Company.

To increase the correspondent base in UAE, Khalid Bin Shaheen has recently signed another key Home Remittance arrangement with one of the leading Exchange Houses i.e. M/s. Sharaf Exchange Dubai, UAE. 'NBP is one of the largest players in the remittance market of Pakistan and the remittance arrangement with Sharaf Exchange is another milestone,' said Khalid Bin Shaheen. He further said that the Bank is constantly working to enhance its services and expand its network all over the world to achieve greater customer satisfaction. The amount remitted from Sharaf Exchange's branches, which is located in the key town centers all over UAE can now be collected from NBP's 1294 on-line branches. In order to receive Cash Remittance, it can instantly be collected via NBP Foree Cash, even without having a bank account, NBP Foree Transfer offers credit to the individual accounts.

Sharaf Exchange is headed by Gopal Sharma (CEO) and has been a market leader in providing Foreign Exchange Services in the UAE for more than a decade and presently they have 14 Branches in UAE. The company is part of business conglomerate Sharaf Group of the UAE, a highly resourceful, reputable and dynamic Group in UAE.



### Branch Opening

The inauguration ceremony of National Bank of Pakistan, Rangpur Branch, District Muzaffargarh was recently organized. Iqbal Ahmad Baloch, Regional Head alongwith Ghulam Murtaza Shah, General Manager Operations, NBP, Regional Office, D.G. Khan inaugurated the branch. People of the area appreciated NBP for opening its branch at a remote area for serving their banking needs.



Rafiq Bangali, Group Chief/SEVP, Overseas Banking, conducted a meeting with Chinese Delegation at the Head Office.



JNMDC, Training & Organisation Development Group, successfully conducted 4th Training program on Leadership Excellence for Senior Executives.

## NBP the largest lender to farmers

Among all the financial institutions involved in lending to farmers NBP achieved nearly 120% of its target in agri loans and the second best performer after Allied Bank Limited (ABL), which has achieved 146% of the allocated target for the year ended June 30, 2013. However, among the 'Big Five', NBP is the largest and the most efficient lenders to the farmers. This conclusion can be drawn if one compares NBP and ABL. The first parameter is overall size of disbursement. While NBP disbursed over Rs. 57 billion, ABL lent Rs.27 billion only. The second parameter is the amount outstanding. The year end outstanding figure of NBP was Rs. 56 billion, much above the allocated target of Rs. 47.5 billion, as compared to this ABL had Rs. 6.7 billion outstanding against a target of Rs.19 billion. This shows that ABL's customer base is not improving rather the same customer is being catered and debit summations are being taken in to disbursement, else such a huge difference was not possible between disbursement and outstanding amounts. The third parameter is increase in target for FY13. The target for ABL was raised to Rs. 19 billion from Rs.17.6 billion, an increase of 7.8%. As against this NBP's target was enhanced to Rs.47.5 billion from Rs.43.2 billion, which reflected an increase of 10%. As on December 31, 2012 ABL was carrying a load of 6.6%, while NBP was carrying a load of 5.8%, which further improved to 5.3% as on June 30, 2013.



# Ways to elevate the standard of training

NBP through its six-week Internship program provided ample opportunities to business students of all universities of Pakistan. The internees who were placed at the Training & Organisation Development Group researched on a thought-provoking topic under the supervision of Dr. Muhammad Asif Khan, Head Research and Development. Taking advantage of this forum, **NBP Newslines** shares the research with its readers...

## Analyze the role of training effectiveness in the absence of positive/negative reinforcement and give suggestion for improvement

Training initiatives have a valued and critically important place in today's business environment. Organizations usually spend a large sum of money on training annually that they claim are crucial to responding to the changing dynamics of their markets.

Yet these same organizations are frequently inconsistent and ineffective when it comes to reinforcements—the art of helping their employees integrate and apply their new learning on the job. The truth is, everyone believes in the value of reinforcement, but very few people do much about it. Too often, the focused efforts to reinforce the skills learned in training programs end up in the graveyard of good intentions. The reasons behind this failure are not difficult to identify e.g. lack of time, lack of understanding, lack of commitment, lack of proper execution, etc.

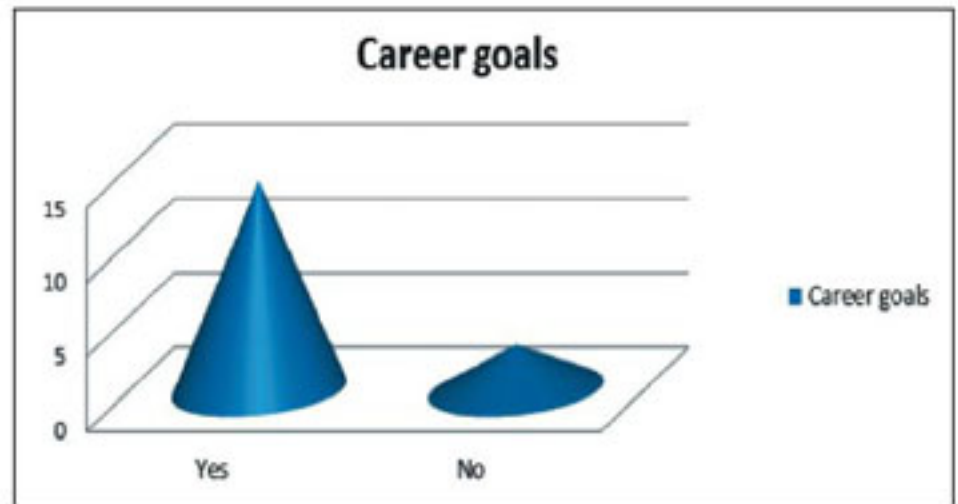
This study focuses on the role of training effectiveness in the absence of positive and negative reinforcement. In this report we will try to find the correlation between reinforcement and training practices at NBP. Therefore, population of this study is all the managerial and non-managerial employees who have participated in training programs offered in the T&ODG at NBP. However, it turned out that it was not possible to get access to all the participants who have been part of the training programs at NBP due to the frequent trainings offered all around the year. For the purpose of this study, a structured questionnaire consisting of 12 questions was prepared to collect data.

### The purpose of this study is the following:

- To get to know employees perception at various level of LSE, EDP, Proficient Banker and EBS Trainings at JNMDC and Staff college of National Bank of Pakistan and to align its training investment with the employee's career progression.
- To find out the correlation between reinforcement and training effectiveness at NBP.
- To gauge if Trainees are satisfied with the overall process and environment of the Training and Development Group.
- To find the flaws in T&OD Group and recommend suggestions for improvement in 360 degree.
- To find out why the trainees didn't implement the knowledge they learn during their tenure in
- T&ODG.

Does the training function helps the employees to achieve short and long term career goals?

	Frequency	Percentage
Yes	14	82.35
No	3	17.64



### ANALYSIS:

The graph clearly shows that most of the participant said that this training program help them in achieving their short and long term goals.

Do you feel that if any other topic/subject, if included in the program would have helped you in your work environment.

- Communication and Core banking system.
- Migration of Account.
- Audit Compliance.
- Banking operations related training.
- Comprehensive training with hands on experience on CBS.

### Foster Learning to Foster Change

Reinforcement provides structured opportunities for people to practice skills by applying them to their work. The more they practice, the more they will improve their skills. Such improvement is certainly a desirable outcome, yet effective reinforcement accomplishes much more:

- It helps people realize that these skills—and the training that provided them—are important to the organization. Time spent in training is not a waste of time, or separate from the work. In fact, it is one of the best ways to achieve success on the job.
- By examining the experience of applying new learning to the job, reinforcement encourages people to become aware of what works and what doesn't—and eventually to seek out for themselves whatever it takes to maximize their success.
- When enough people in an organization adopt this point of view, the organization can be said to have developed a "learning culture"—a powerful competitive differentiator in a world where change has become a constant.
- By providing this competitive edge, an effective program of strategic reinforcement will help ensure that the organization receives more than a fair return on its training investment. ♦



# And the Winner is...

## National Bank of Pakistan has made a dream come true for Mohammad Nadeem when his name was announced as the winner of Android Tablet PC.

The lucky winner of the first draw prize was announced live at the NBP Head Office. A delighted Nadeem said, "The main objective of my using this NBP's service was not winning an award, but winning this award has exceeded my expectations. I take this opportunity to thank NBP, who provides its customers with the best banking products and services and the highest level of customer service, as well as provide opportunities to win draw prizes such as this campaign for its loyal customers. In my opinion this is the best way and most appropriate option for customers who want to avail this service and at the same time enjoy the opportunities to win a prize."

The campaign started on 1<sup>st</sup> June and ended on 30<sup>th</sup> June 2013. Further the campaign was valid for all NBP Home Remittance Customers. And the medium through which they could enter in this campaign was by filling an online form on facebook. The idea behind this campaign was that Social Medias' outreach/contact building outnumbers traditional media. It helps in establishing brands, raising awareness about brands, promoting products, pitching products in an interactive way, helps in conducting effective market research. GHRMG marketing successfully launched a contest/campaign through this interactive platform to build and enhance remittance customer base.

Mohammad Nadeem is a student, studying in 12<sup>th</sup> grade and belongs to a middle class family. His father is in Saudi Arabia, he sends money every month for their household expense and since 2 years he is using this NBP Foree Remittance Service and the experience so far is very satisfactory. He said, 'NBP service is good but now when I have won this tablet I am very happy that NBP is going beyond to satisfy its customers. I will definitely promote NBP Foree Remittance services to all my friends and family as it offers one of the best service in the market. ♦

**NBP Foree Home Remittance Services**  
give you a chance to win exciting prizes!

To participate click the Contest tab and fill the online form with details about remittance you received and get a chance to win an Android Tablet PC!

Winner will be announced through lucky draw.

Finally the moment arrived you all were waiting for!

**MOHAMMAD NADEEM**  
(CNIC # 4250\*\*\*\*\*029)  
is our lucky winner

Honestest congratulations on behalf of  
**NBP FOREE HOME REMITTANCE SERVICES**

<b>Step 1:</b> Collect your remittance from any NBP branch	<b>Step 2:</b> Make sure you collect the slip with the Security Code/ MTCN No/Xpin	<b>Step 3:</b> Login to our fb page and fill our online form to participate

**NBP** National Bank of Pakistan





### Eye Camp at Muzzafarabad

NBP in collaboration with Al-Shifa Eye Hospital organized Eye Camps at Hattian and Pattika village. In both camps 900 patients were examined and 45 Cataract operations were performed. About 500 eye sight glasses and medicine were distributed free of cost. While NBP staff and local volunteers assisted the medical staff.

# Corporate Social Responsibility



### MOVE at Sukkur & Islamabad

With the help of Family Educational Services Foundation, NBP has been sponsoring the MOVE (Motivational Volunteer Empowerment Program) for students of IBA Sukkur. The purpose of the MOVE program is to positively change society by training and engaging Pakistani youth in meaningful community development projects through in-house training session and facilitate field work.



### Up-gradation of Computer Lab

Government College for Women is a highly reputable and oldest women institution of Karachi. NBP upgraded college computer lab by providing 15 computers and cooling water facility.



### Wheelchairs provided to Patients of Physical Rehabilitation

Muzaffarabad Physical Rehabilitation Center (MPRC) is run by International Committee of Red Cross; patients from all over Pakistan come for artificial limbs. During their rehabilitation period, accommodation and food is provided free of cost. A large number of disabled patients need Orthopedic wheelchair, majority of them are poor and cannot afford the cost of a chair. NBP donated 30 Orthopedic wheelchairs to poor patients and distributed them through MPRC.



### NBP Support Rangers Public School & Colleges (System) for Special Children

The Rangers Public School & College is a non-governmental, non-profitable organization controlled by Sindh rangers. The objective of the institution is to provide quality education to the poor special children of our country who wish to become an active and productive member of the society. NBP admiring the good work of Rangers provided financial assistance towards the cause.



**NBP won the National Challenge Cup Tournament-2013**

National Challenge Cup Football Tournament is the most prestigious event of PFF after Pakistan Premier League and all leading football teams of the country participated in it. NBP won the title after 20 years, by beating KESC in the final by 1-0 goal. NBP won Cash Prize of Rs. 500,000. Mohammad Umer was declared best goal keeper of the tournament.



**First Commissioner Karachi NBP Peace T-20 Cup tournament**  
Leading clubs of Karachi were invited to participate in the Peace Cup sponsored by the NBP. Agha Khan Gymkhana and Royal Cricket Club played the final and Agha Khan Gymkhana won the tournament. The Commissioner Karachi graced



**NBP Inter Club Cricket Tournament at Panjgur**  
NBP in association with Regional Cricket Association organized Club Cricket tournaments in District Panjgour to promote club cricket in Baluchistan. About 10 clubs participated and local sports lover appreciated NBP efforts for the promotion of this game.



**National Junior & Senior Tennis Championship**  
The tournament Under 18, 14 and 12 was held at Karachi Gymkhana and players from all over Pakistan participated. Talah Zubair (Boys) and Maheen Dada (Girls) won the title. Siddiq Memon, Secretary Ministry Sindh Sports distributed the prizes.



Ghulam Qadir Shah, Speaker, National Assembly, presented trophy and prizes to the winner of NBP AJK Football Tournament



**NBP Inter Club Hockey Tournament Attock**  
District Hockey Association Attock organized NBP Inter Club Hockey Tournament played at Attock. Around 12 clubs participated and Rajpot Hockey Club won the tournament.



**Sports Day at Society for the Rehabilitation of Special Children**  
Regularly NBP sponsors sports activities and events organized by the Society for the Rehabilitation of Special Children. About 75 Special Children from various schools of the city participated in various games such as Badminton, Cricket, Hockey and Athletic competition. Trophies, Kits and other necessary items were distributed to the children.



## Well-deserved!

Khalid Mehmood, Group Chief, Operations, receiving 1st FPCCI Achievement Award for the Year 2012.



## Retired

Samia Munir Malik, OG I/PSO to Saghir Ahmed, Director, retired from the Bank after 36 years of dedicated service at Staff College Lahore.



## Appreciation

Lft. General Tariq Khan, Core Commander, Mangla Cantt presented souvenir to Moeen-ud-Din, SVP/Regional Head, Mirpur A.K at the final ceremony of ALL Pakistan Mangla Golf Championship 2013.



## Power of Entrepreneurship

Wasimullah, VP/Director Staff College Islamabad, was invited as a panelist to address at a conference on 'Power of Entrepreneurship' organized jointly by State Bank of Pakistan and OHSOL at National Institute of Banking & Finance Islamabad. The topic of his discussion was "Social Entrepreneurship".

## Zabardast

Noor s/o Mehboob Ellahi Butt, AVP/Manager, NBP, Main Branch Attock, a student of Bahria College, Class III, participated in 'International Kangaroo Mathematics Competition'. He stood first in District and secured 28<sup>th</sup> position in Pakistan out of 5,684 participants. He was awarded silver Medal and a certificate of honour.



## Cash Award

Umar Draz Tamimi received cash award for his outstanding performance from Tahir Shahbaz Anjum, Regional Head, Jhang. Umar Draz is serving as Head Cashier at NBP Main Branch Chiniot.



## On the Pedestal!

Hafsa Yameen d/o Muhammad Yameen, OG-III, Donso Hall Branch, Karachi, achieved five As in O'Level Examination.



## *Congratulations!*

Dr. Waheed Ali Buriro s/o Fakeer Muhammad Buriro, VP/GM Business, Regional Office Larkana, passed his MBBS in 1st Division from Chandka Medical College Larkana this year. Presently, he is working as House Officer at Chandka Medical Hospital Larkana, We wish him best of luck for the future.



## *Transfer*

Mansoor Ali, Regional Compliance Officer, South Region Karachi, is transferred to Regional Office West Karachi as Regional Compliance Officer. A ceremony was held at Regional Office in recognition of the contribution made by Mansoor Ali Khan to improve compliance functions at Regional Office South Karachi. Seen in the picture are Syed Waqar Ahmed, General Manager Credit, Officiating, Mansoor Ali Khan, Regional Compliance Officer, Muhammad Iqbal Umrani, Regional Head, Kazi Imtiaz Ahmed, General Manager HR, and S.M. Rashid Nabi, General Manager Business & Operations.



## Official Visit

His excellency Chaudhry Abdul Majeed, Prime Minister of the State of Azad Jammu & Kashmir met **Moeen-ud-Din**, Regional Head, Mirpur AK at Kashmir House, Islamabad. The Regional Head apprised the Prime Minister of the NBP's role in economic development of Azad Jammu & Kashmir.



## Efforts Recognised

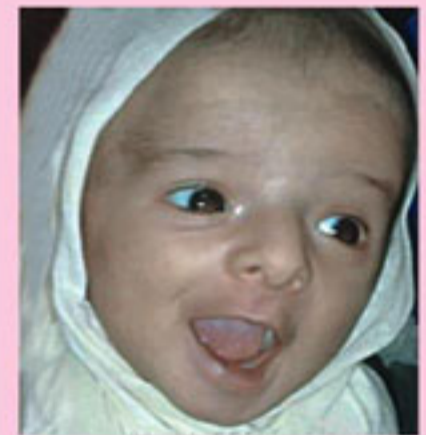
Shoaib Ahmed Siddiqui, Commissioner Karachi, awarded Ghulam Muhammad Khan, Coordinator, CSR Division, for his remarkable contribution in the upliftment of society in education, health and sports.



## Cleared

**Abdul Hanan Bhutto**, OG-II/MTO (Batch-XIV), cleared all three stages of IBP.

## Bundle of Joy



**Homer Baloch**, new born baby of Khair Bakhsh, OG-III, HR Wing, Regional Office, Gwadar Balochistan



## Retired

**Ghulam Shabbir**, Driver, NBP, Regional Office, D.G. Khan retired from Bank's service. A ceremony was organized to pay tribute for his excellent services to the Bank for over a period of 37 years. Iqbal Ahmad Baloch, Regional Head, NBP, Regional Office, D.G. Khan gave relieving order and a gift to the retiring driver.



## Big Achievement

**Farrukh Muhammad Taufiq** (OG-I) of Rawalpindi Region cleared all three requisite levels of CFA (Chartered Financial Analyst) exams in first attempt! He is the first employee in Islamabad/Rawalpindi Regions' history to have this rare distinction. He shall be entitled to receive the prestigious CFA charter upon completion of CFA Institute's work requirements. He has previously passed coveted AIBP and all three stages of JAIBP in first attempt. He also holds a Gold Medal in MBA program and has published case studies in reputed UK-based case clearing house. we are proud to have such an intellectual person in our NBP Family and wish him further success in his future endeavors.



**Muhammad Zubair**, OG-III (Hub River Road Branch Karachi) is blessed with an adorable son **Muhammad Haseeb**.

# Dedicated Islamic Banking Branches

## 8 Existing Branches

<p><b>Karachi</b>  <b>Mr. Yawar Hassan Zaidi, Branch Manager</b>                  Islamic Banking Branch, National Bank of Pakistan,                  Cotton Exchange Building, I.I. Chundrigar Road,                  Karachi Ph: 021-32466281-2</p>	<p><b>Hyderabad</b>  <b>Mr. Liaquat Shaikh, Branch Manager</b>                  Islamic Banking Branch, National Bank of Pakistan,                  Gul Center, Thandi Sarak, Hyderabad. Ph: 022-9201208</p>
<p><b>Lahore</b>  <b>Mr. Irfan Butt, Branch Manager</b>                  Islamic Banking Branch, National Bank of Pakistan,                  Plot No. 5, Block Z, DHA, Lahore. Ph: 042- 99264180</p>	<p><b>Faisalabad</b>  <b>Mr. Imran Shehzad, Branch Manager</b>                  Islamic Banking Branch, National Bank of Pakistan,                  Madina Towers, Main Susan Road, Madina Road,                  Faisalabad. Ph: 041-8503225</p>
<p><b>Rawalpindi</b>  <b>Mr. Muhammad Safeer Khan, Branch Manager</b>                  Islamic Banking Branch, National Bank of Pakistan,                  Plot No. 14, Main Double Road, Chaklala Scheme III,                  Rawalpindi. Ph: 051-5766473</p>	<p><b>Peshawar</b>  <b>Mr. Muhammad Fawad, Branch Manager</b>                  Islamic Banking Branch, National Bank of Pakistan,                  29-The Mall, Peshawar. Ph: 091-5253961</p>
<p><b>Muzaffarabad</b>  <b>Mr. Raja Ejaz, Branch Manager</b>                  Islamic Banking Branch, National Bank of Pakistan,                  Shaukat Line, Near Army Public School,                  Muzaffarabad. Ph: 05822-923115</p>	<p><b>Mirpur AJK</b>  <b>Mr. Kh Muhammad Iqbal, Branch Manager</b>                  Islamic Banking Branch, National Bank of Pakistan,                  1-9-A, Sector C/2 First Floor, Mirpur AJK. Ph: 05827-920445</p>

## 17 Upcoming Branches in 2013

- Lahore :**
- Johar Town ● The Mall ● Gulberg
  - Bahria Town ● Allama Iqbal Town
- Karachi :**
- Clifton ● Khalid bin Waleed Road
  - Defence Housing Authority
  - Gulshan-e-Iqbal ● North Nazimabad ● Korangi
  - Jodia Bazar / Cloth Market
- Islamabad :** Blue Area, **Mardan :** Sheikh Maltoon Town  
**Sialkot :** Sialkot Cantt, **Multan :** Old Bahawalpur road  
**Quetta :** Jinnah Road / Shara-e-Iqbal.



## Islamic Banking Group

**Karachi :** 6<sup>th</sup> Floor, Tower A,  
 Finance & Trade Centre,  
 Sharah-e-Faisal Karachi,  
 Ph : 021 - 9920 3320

**Lahore :** NBP RHO Building, 26  
 Mc Lagon Road, Lahore,  
 Ph : 042 - 99213529



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**NBP Newslines** is published bimonthly to keep our employees and others updated about the latest activities of the **National Bank of Pakistan**

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Contributions to **NBP Newslines**, may be sent to 6th floor, Tower-B, FTC, Karachi.

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President's Office Circular No. 19/2013

### **“Re-launching of NBP Islamic Banking under the name of Aitemaad”**

National Bank of Pakistan is re-launching its Islamic Banking business segment under a new brand name, *Aitemaad*.

*Aitemaad* is synonymous with the trust that people repose in NBP. We strongly believe that further growth in banking will be ushered by Shariah compliant banking, which is also accepted as ‘Ethical Banking’, even by non-Muslims. NBP being the largest public sector commercial bank, and enjoying the confidence of masses and general public, is well placed to capitalize on the growth potential of Islamic Banking. Accordingly, the Bank has set for itself aggressive targets for growth in Islamic Banking and we solicit full and active support from all of you towards achieving the desired targets.

To create awareness, we will also initiate media campaigns in the near future. Through this re-launch, the Bank aims at exploiting the enormous growth potential of Islamic Banking by extending its outreach. All of you may recall that 8 designated Islamic Banking branches were opened between 2006 – 2009. However, within this calendar year, 17 new dedicated Islamic Branches will be opened and active efforts will be made to increase the number of such branches to 100 over the next 3 years, Insha’Allah.

Before going for the re-launch, it is my desire that all employees must be made fully aware of this initiative and we expect that all relevant staff should get themselves equipped with the required knowledge of Shariah compliant banking. In due course, Islamic Banking Group will also initiate / conduct suitable in-house training programs.

As we now need to focus and promote Islamic Banking from NBP’s platform, all colleagues are requested to join hands to make *Aitemaad* a big success, Insha’Allah. In this holy month of Ramadan, we also seek the blessings and guidance of Allah SWT to grant us success in revival of our Shariah compliant banking segment. I may also remind you that in addition to our renewed focus on Islamic Banking business segment, NBP will continue to actively market its large suite of present products and services.



NBP

National Bank of Pakistan

اعتماد Aitemaad

ISLAMIC BANKING

# Valuing your Belief

**‘Aitemaad,’** National Bank of Pakistan’s Islamic Banking business brand has finally rolled-out across Pakistan. As the name suggest ‘Trust’ in Urdu, this is what the Bank aims at gaining – Our valuable and potential customers’ trust. Significant progress has been achieved by NBP in its efforts to build a comprehensive and dynamic Islamic banking business; and the way forward is only through innovation and the fact that NBP enjoys a unique position globally. Taking advantage of all the positive aspects, NBP has intensified the preparation for a phenomenal growth with the best Shariah compliant financial products in the coming years.





## What is Islamic Banking?

Islamic banking is defined as the banking system which is in consonance with the spirit, ethos and value system of Islam and governed by the principles laid down by Islamic Shariah. Interest free banking is a narrow concept denoting a number of banking instruments or operations which avoid interest. Islamic banking, the more general term, is based not only to avoid interest-based transactions prohibited in Islamic Shariah but also to avoid unethical and un-social practices. In practical sense, Islamic Banking is the transformation of conventional money lending into transactions based on tangible assets and real services. The model of Islamic banking system leads towards the achievement of a system which helps achieve economic prosperity.



## Philosophy of Islamic Banking

The philosophy of Islamic banking takes the lead from Islamic Shariah. According to Islamic Shariah, Islamic banking cannot deal in transactions involving interest/riba (an increase stipulated or sought over the principal of a loan or price in a deferred payment sale transaction directly related with the time, increases by increase in time and decreases by decrease in time). Further, they cannot deal in the transactions having the element of Gharar<sup>1</sup> (such as short sale or selling something without having possession) or Maiser<sup>2</sup>. Moreover, they cannot deal in any transaction, the subject matter of which is invalid (haram in the eyes of Islam). Fraudulent transactions are prohibited as well, Islamic banks focus on generating returns through Shariah compliant investment tools, sale purchase and Shariah compliant leasing activities, Islamic Shariah links the gain on capital with its performance through participating in a joint venture or through trading or renting activities. Operating within the ambit of Shariah, the operations of Islamic banking are based on taking due responsibilities emanated from those contracts which are undertaken for carrying out Shariah compliant trading and investment activities.

1. Excessive level of uncertainty or ambiguity created due to the lack of information or control in a contract.
2. Game of Chance



## What is meant By Riba?

The word "Riba" lexically, means excess, increase or addition, which correctly interpreted according to the Shariah terminology, implies any excess compensation without due consideration (consideration does not include absolute time value of money). This definition of Riba is derived from Quran.

## What is interest?

Is there any difference between interest and Riba?

The origination of term interest dates back to 17th century with the emergence of banking system at global level. Interest means giving and/or taking of any excess amount in exchange of a loan or on debt. Hence, it carries the same meaning/value as that of Riba as defined in the previous question. Further, it is narrated that "the loan that draws interest is Riba"

## What is the difference between conventional and Islamic Banking?

The following are the main differential points between conventional and Islamic banking:

	CONVENTIONAL BANKING	ISLAMIC BANKING
1	Money is a commodity besides medium of exchange and store of value. Therefore, it can be sold at a price higher than its face value and it can also be rented out.	Money is not a commodity though it is used as a medium of exchange and store of value. Therefore, it cannot be sold at a price higher than its face value or rented out.
2	Time value is the basis for charging interest on capital.	Profit on trade of goods or charging on providing service is the basis for earning profit.
3	Interest is charged even in case the organization suffers losses by using bank's funds. Therefore, it is not based on profit and loss sharing.	Islamic bank operates on the basis of profit and loss sharing. In case, the businessman has suffered losses, the bank will share these losses based on the mode of finance used (Mudarabah, Musharakah).
4	While disbursing cash finance, running finance or working capital finance, no agreement exchange of goods & services is made.	The execution of agreements for the exchange of goods & services is a must, while disbursing funds under Murabaha, Salam & Istisna contracts.
5	Conventional banks use money as a commodity which leads inflation.	Islamic banking tends to create link with the real sectors of the economic system by using trade related activities. Since, the money is linked with the real assets therefore it contributes directly in the economic development.

### If Islamic Banking and Conventional Banking are different, why do they appear similar?

The validity of a transaction does not depend on its end result or value proposition but rather on the nature, the process and on the validity of the subject matter. If a transaction is done according to the rules of Islamic Shariah it is halal even if the end result of the product may look similar to conventional banking product.

For example if a client gets cash financing on the basis of interest based loan from a conventional bank and buys a car, this transaction is non-compliant but if he buys the same car, may be on the same total amount on credit from the bank fulfilling all relevant Shariah conditions, this transaction is a Shariah complaint. The difference between conventional banking transaction and that of Islamic banking can easily be understood by this example, a normal McDonalds burger in USA and Pakistan may look similar, smell similar and taste similar but the former is haram and the latter is halal due to its compliance of Islamic guidelines of slaughtering animals.

The same is also true for Islamic and conventional banking. Therefore, it can be concluded that it is the underlying contract that makes something "Halal" (allowed) or "Haram" (prohibited) and not the result itself. Apparently, Islamic banks may look similar to conventional banks, however the contracts and product structures used by Islamic banks are quite different from that of the conventional bank. This structural difference though doesn't effect the result at the transaction level, it does effect the over all result.

### If Islamic banks do not invest in interest based activities then how do they generate profit to pay to their customers?

The Islamic bank uses its funds in various trade, investment and service related Shariah compliant activities and earns profit thereupon. The profit earned from such activities is passed on to the depositors according to the agreed terms.

### Are not Islamic banks just paying interest and dressing it as profit on trade and investments?

No, Islamic banks accept the deposits either on profit and loss sharing basis or on Qard basis. These deposits are deployed in financing, trading or investment activities by using the Shariah compliant modes of finance. The profit so earned by the bank is passed on to the depositors according to the pre-agreed ratio which, therefore, cannot be termed as interest.

### Islamic banks use interest based system (KIBOR) as a Bench Mark while determining profit; how Islamic banking can be said to be Islamic?

Islamic banks should ideally have their own benchmark system for determination of profit. Since, the industry is in its initial stage of development, it is using the available benchmark for the banking industry. It is expected that once it is grown to a sizable level, it would have its own benchmark. However, merely using Interest Rate benchmark for determining the profit of any permissible transaction does not render the transaction as invalid or haram. It is the nature/mechanism of the transaction that determines its validity or otherwise. Selling a bottle of apple juice for an amount equivalent to the price of a bottle of alcohol doesn't make the transaction Haram.

## Islamic Banking Industry

Islamic Banking is one of the emerging areas in global financial market, having tremendous potential and growing at a very fast pace all over the world. The progress of Islamic Banking in Pakistan has also been commendable during the last 8 years and maintaining average annual growth momentum of over 30%.

Islamic Banking Industry is segregated in two segments. The first segment comprises full fledged Islamic Commercial Banks and second segment comprises Islamic Banking Divisions of conventional banks.

Currently there are 5 licensed full-fledged Islamic Commercial Banks and 13 conventional banks with standalone Islamic Banking Branches with the total branch network of 1097 branches operating in more than 90 cities across the country. The total number of full fledge Islamic Commercial Banking Branches operating in the country as on December 31, 2012 were 725 and Islamic Banking Branches of conventional banks were 372. *A comparison of Islamic Banks and Windows is given as per the Table on page 9.*

## Overview of NBP - Islamic Banking

National Bank of Pakistan started its Islamic Banking operations in December 2006, with the opening of its first Islamic Banking Branch in Karachi. Over the years NBP Islamic Banking Branch network has expanded to eight (8) branches which are in Karachi, Hyderabad, Lahore, Rawalpindi, Faisalabad, Peshawar, Muzaffarabad and Mirpur A.K.

NBP-Islamic Banking offers Shariah Compliant General Banking Operations. On the asset side, Ijarah and Murabaha are offered at present. While on the liability side, NBP IBG offers remunerative and non-remunerative deposit products.

### Branch Network:

IBG currently has 8 (Eight) Islamic Banking Branches (IBB), in the following cities:

S.No.	Branch Location	Year of Opening
1	IBB - Karachi	2006
2	IBB - Lahore	2007
3	IBB - Peshawar	2007
4	IBB - Rawalpindi	2008
5	IBB - Faisalabad	2008
6	IBB - Mirpur A.K	2009
7	IBB - Muzaffarabad A.K	2009
8	IBB - Hyderabad	2009

## PRODUCTS AND SERVICES

### Deposit Products:

Deposit Schemes offered by NBP's Islamic Banking Branches are as follows:

- Current Deposit Scheme
- Profit & Loss Sharing (PLS) Deposit Scheme
- Term Deposits Receipts

## FUTURE PLANS FOR BRANCH NETWORK



Over the next five years, IBG plans to have a network of 120 (One Hundred and Twenty) stand alone, independent, Islamic Banking Branches spread over 45 cities.

## Financing & Investment Products

Shariah compliant financing products such as Murabaha, Ijarah and Diminishing Musharaka are being offered by IBG to cater to all market segments including Corporate, Commercial and SMEs.

Further, IBG has also planned to develop financing products of Diminishing Musharaka, Istisna, Tijara and Islamic Export Refinance etc. catering to the rising needs of customers.

## Re-Branding of NBP IBG

For a strong brand image that reflects both the strength of NBP as well as individual brand recognition for IBG, NBP IBG has now been rebranded as NBP AITEMAAD

In this regard, President Circular # 19/2013 dated August 7, 2013 titled 'Re-Launching of NBP Islamic Banking under the name of Aitemaad' has been issued.

**FINANCIAL DATA OF ISLAMIC BANKS**

As on 31, December, 2012

(RS IN MILLION)

Banks	Branches	Deposits	Investments	Financing	Investments & Financing	Equity	Deposits /Branch	Total % Deposit share in Islamic Banking Industry	PBT	PAT	ROE
<b>Full Fledge Islamic Banks</b>											
Meezan Bank Ltd	310	230,426	152,460	88,678	241,138	16,551	743	32.6%	5,230	3,508	21%
Bank Islami Ltd	141	64,216	28,994	27,433	56,428	5,572	455	9.1%	626	411	7%
Dubai Islamic	100	53,110	21,335	26,315	47,650	6,867	531	7.5%	501	346	5%
Al Baraka Islamic Bank	94	63,279	27,421	28,782	56,204	6,022	673	9.0%	(953)	(643)	-11%
Burj Bank Ltd	75	35,922	17,156	23,371	40,527	5,937	479	5.1%	33	51	1%
<b>Sub Total</b>	<b>720</b>	<b>446,953</b>	<b>247,367</b>	<b>194,579</b>	<b>441,946</b>	<b>40,950</b>	<b>621</b>	<b>63.3%</b>	<b>5,437</b>	<b>3,673</b>	
<b>Islamic Banking Windows</b>											
Bank Alfalah Ltd	110	93,405	50,574	30,668	81,241	8,082	849	13.2%	1,517	NA	19%
Faysal Bank Ltd	52	18,544	14,580	5,467	20,047	1,104	357	2.6%	252	NA	23%
Bank of Khyber	35	13,324	9,643	3,212	12,855	2,332	381	1.9%	482	NA	21%
Habib Bank Ltd	33	31,036	22,224	2,447	24,671	646	940	4.4%	229	NA	35%
Askari Bank Ltd	32	13,888	10,202	3,128	13,329	803	434	2.0%	76	NA	9%
MCB Bank Ltd	28	10,381	1,955	10,212	12,168	1,353	371	1.5%	44	NA	3%
United Bank Ltd	19	12,494	8,036	3,118	11,154	539	658	1.8%	5	NA	1%
Standard Chatered Bank	14	30,240	8,686	18,575	27,261	2,997	2,160	4.3%	1,263	NA	42%
Bank Al Habib Ltd	13	6,824	1,574	7,699	9,273	1,268	525	1.0%	310	NA	24%
Soneri Bank Ltd	8	3,624	1,231	2,176	3,407	389	453	0.5%	(12)	NA	-3%
<b>National Bank of Pakistan</b>	<b>8</b>	<b>2,923</b>	<b>1,221</b>	<b>1,322</b>	<b>2,543</b>	<b>222</b>	<b>365</b>	<b>0.4%</b>	<b>(78)</b>	<b>NA</b>	<b>-35%</b>
Silk Bank Ltd	7	2,000	686	-	686	404	286	0.3%	(26)	NA	-6%
Habib Metro Bank	4	20,577	16,401	5,312	21,714	1,689	5,144	2.9%	547	NA	32%
<b>Sub Total</b>	<b>363</b>	<b>259,260</b>	<b>147,012</b>	<b>93,337</b>	<b>240,348</b>	<b>21,828</b>	<b>714</b>	<b>36.7%</b>	<b>4,609</b>		
<b>Grand Total</b>	<b>1,083</b>	<b>706,213</b>	<b>394,379</b>	<b>287,916</b>	<b>682,294</b>	<b>62,778</b>	<b>652</b>	<b>100%</b>	<b>10,046</b>	<b>3,673</b>	

Note: The Table is sorted based on 'No. of Branches'

## FUTURE PLANS

Strong focus on growth in our deposits with priority to 'Low Cost Deposits' (CASA). We want to take advantage of NBP's large branch network through online access and connectivity between IBBs and NBP regular branch network.

We plan to install ATMs at all IBBs.

Maximum attention will be given at IBB counters to resolve customer requests and queries, with lowest possible turnaround time.

Close interaction will be maintained with the customers to provide Shariah compliant services either through branches or through Alternate Delivery Channels.

New products and services will be added keeping in view client requirements and market developments.

Marketing activities including brand launching event, roadshows, advertisements and other activities to create maximum brand awareness about AITEMAAD.

In order to equip our human resources with in-depth knowledge of Islamic Banking, we plan to conduct comprehensive in-house training programs. All staff members of IBBs will be provided training in Islamic Banking products, practices, and regulations.

Other future initiatives will include Syndications, Advisory Services, BancaTakaful, Mutual Funds, Treasury Initiatives, Marketing of Shariah Compliant Product suite through Overseas branches, etc.